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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 90-539-C - ORDER NO. 90-1146
DECEMBER 4, 1990

IN RE: Application of Farmers Long)	
Distance, Inc. for a Certificate)	ORDER
of Public Convenience and Necessity)	GRANTING
to Operate as a Reseller of Inter-)	CERTIFICATE
exchange Telecommunications in the)	
State of South Carolina.)	

On August 1, 1990, Farmers Long Distance, Inc. (FLD) filed an Application with the Public Service Commission of South Carolina (the Commission) requesting that the Commission grant FLD a Certificate of Public Convenience and Necessity to operate as a reseller of interexchange telecommunications services in the State of South Carolina. FLD intends to provide state and nationwide interLATA interexchange services for its customers by utilizing the service offerings and facilities of various exchange carriers, facility based interexchange carriers and carriers' carriers certified to render service in South Carolina. The Application was filed pursuant to S.C. Code Ann., §58-9-280 (1976).

The Commission's Executive Director instructed the Company to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas, once a week for two consecutive

weeks. The purpose of the Notice of Filing was to inform interested parties of the nature of the Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Thereafter, the Company provided the Commission with proof of publication of the Notice of Filing.

A Petition to Intervene was filed by the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A hearing was commenced Tuesday, October 30, 1990, at 11:15 a.m. in the Offices of the Commission, the Honorable Marjorie Amos-Frazier, presiding. M. John Bowen, Jr., Esquire, represented FLD; Carl F. McIntosh, Esquire, represented the Consumer Advocate; and H. Clay Carruth, Staff Attorney represented the Commission Staff.

FLD presented the testimony of William J. Cronin, consultant and principal of Cronin Communications Consultants.

Mr. Cronin testified that FLD plans to provide Dial Station-to-Station Message Telecommunications Service (MTS) to customers in all exchanges served by Farmers Telephone Cooperative, Inc. Further, FLD intends to offer additional classes of service such as Calling Card, Operator Station-to-Station, and Person-to-Person the offering of these services become appropriate. As FLD provides the intrastate interLATA communications services for which it seeks authority, FLD will compensate affected local

exchange carriers (LEC's), as provided in previous Commission Orders, for any unauthorized intrastate intraLATA traffic which it may carry.

Mr. Cronin testified that FLD will benefit its customers in several ways by allowing them to receive rates which are competitive and reasonable in comparison with those of other interexchange carriers, and allowing customers to deal with a local business already familiar with their telecommunications needs and to receive a single bill for all their telecommunications services.

Based on the information contained in FLD's Application, as well as the evidence of the whole record before the Commission, the Commission makes the following findings of fact and conclusions of law:

1. That Farmers Long Distance, Inc. is a wholly-owned subsidiary of Farmers Telephone Cooperative, Inc.
2. That FLD is a non-facilities based reseller of telecommunications services.
3. That FLD has the financial resources to provide adequate telecommunications services to consumers in South Carolina.
4. That FLD is in the process of negotiating agreements with interexchange carriers which have been certificated by the Commission to provide the telecommunications services for which authority is herein sought.
5. That FLD is capable of providing the telecommunications services as described in its Application and in the testimony of witness Cronin.

6. That FLD should be authorized to provide intrastate interLATA service through the resale of Wide Area Telecommunications Service (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service (FX) and Private Line Service (PLS), or any other service authorized for resale and reflected as such in tariffs of facilities-based carriers certificated by this Commission.

7. That should FLD desire to provide intrastate interLATA calling card and operator service in the future, it should be required to file tariffs reflecting the rates, charges, and regulation pertaining to the offering of such services for Commission consideration and approval.

8. That FLD should be required to use only such underlying carriers for the provision of intrastate telecommunications service as are certified by this Commission to provide such service, and that FLD should be required to identify to the Commission, in writing, its underlying carrier or carriers and that this information should be kept current.

9. That the fact of Farmers Long Distance, Inc. and Farmers Telephone Cooperative, Inc. being related corporations causes the Commission some concern and, therefore, the Commission should require certain safeguards to be instituted and maintained by Farmers Long Distance, Inc. in order that it may qualify for a Certificate of Public Convenience and Necessity.

10. That all intrastate intraLATA calls should be required to be completed over intraLATA wide area telephone service (WATS), message telecommunications service (MTS) or private or foreign exchange line services which have been approved for resale. Any intraLATA calls not completed in this manner should be considered unauthorized traffic and FLD should be required to compensate local exchange carriers for any unauthorized intraLATA calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

11. That a rate structure incorporating a maximum rate level with flexibility for downward adjustment has been previously adopted by this Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C, on August 2, 1984.

12. That while the Commission is conscious of the need for resellers to adjust rates and charges in timely response to the forces of economic competition, rate and tariff adjustments below the approved maximum levels should not be accomplished without notice to the Commission and to the public. FLD should be required to file with the Commission any proposed rate changes, and to publish notice of such changes two weeks prior to the effective date of such changes, and to furnish the Commission with affidavits of publication. Any proposed increase in the maximum rate levels reflected in the tariffs of FLD which would be applicable to the general body of subscribers should be considered to constitute a

general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of S.C. Code Ann., §58-9-540 (Cum. Supp. 1987).

13. That FLD should be ordered to file tariffs to reflect the findings herein within thirty (30) days from the date of this Order.

14. That FLD is fit, willing and able to provide intrastate interLATA resold telecommunications services, and that it is in the interest of the public to grant FLD a Certificate of Public Convenience and Necessity subject to the findings herein.

15. That FLD should be issued and allowed to hold its Certificate of Public Convenience and Necessity as long as the following safeguards are instituted and employed by FLD and employed and implemented by its related telephone utility, Farmers Telephone Cooperative, Inc.:

- a. That Farmers Telephone Cooperative, Inc. make available to all requesting interexchange carriers the identical contractual services at the same terms provided to Farmers Long Distance, Inc.
- b. That all confidential information received from any interexchange carriers by Farmers Telephone Cooperative, Inc. be protected from Farmers Long Distance unless all other interexchange carriers are given access to the identical information.
- c. That the contracts between Farmers Long Distance, Inc. and Farmers Telephone Cooperative, Inc. be subject to review by the Commission, including the reasonableness of the rates.

- d. That Farmers Long Distance maintain a separate set of books, and separate studies, time cards, or any other necessary information sources used to allocate costs between Farmers Long Distance, Inc. and Farmers Telephone Cooperative, Inc.
- e. That safeguards be employed by Farmers Telephone Cooperative, Inc. in any future equal access pre-subscription process to insure that Farmers Long Distance will not receive any preference in that procedure, and that all carriers have been treated fairly.

16. That FLD should be subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that the reseller should be treated similarly to facility-based interexchange carriers for access purposes.

17. That FLD should be required to file with the Commission, on a yearly basis, surveillance reports as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports should be as per Attachment A hereof.

IT IS THEREFORE ORDERED:

1. That the Application of Farmers Long Distance for a Certificate of Public Convenience and Necessity be, and hereby is, approved.

2. That Farmers Long Distance file tariffs reflecting its maximum rates and charges and including current and updated price lists indicating currently effective rates and charges, such filing/filings to be undertaken consistent with, and pursuant to, the Findings herein.

3. That Farmers Long Distance file surveillance reports in accordance with the Findings herein.

4. That Farmers Long Distance is hereby authorized to provide intrastate interLATA service through the resale of Wide Area Telecommunications Service (WATS), Message Telecommunication Service (MTS), Foreign Exchange Service (FX) and Private Line Service (PLS), or any other service authorized for resale and reflected as such in tariffs of facilities-based carriers certificated by this Commission.

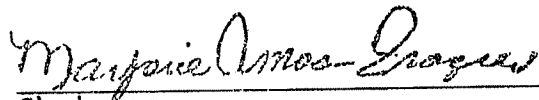
5. That Farmers Long Distance complete all intrastate intraLATA calls over intraLATA wide area telephone service (WATS), message toll service (MTS), or private or foreign exchange line services which have been approved for resale, and that any intraLATA calls not completed in this manner shall be considered unauthorized traffic and Farmers Long Distance shall compensate any affected local exchange carrier for any unauthorized intraLATA call pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

6. That Farmers Long Distance and Farmers Telephone Cooperative, Inc. shall implement and comply with the safeguard provisions contained in and referred to in the Findings hereof, especially respecting, but not limited to, separate record keeping and access to information and/or preferential opportunities respecting regulated telecommunications operations.

7. That Farmers Long Distance shall operate and provide telecommunications services in South Carolina pursuant to and consistent with the Findings herein.

8. That Farmers Long Distance may commence operations beginning on the date of this Order.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT
AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE
INVESTMENT (SEE #3 ABOVE).